United States Senate

WASHINGTON, DC 20510

January 5, 2005

The Honorable Tommy G. Thompson
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Mr. Joshua B. Bolten
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Mr. Secretary and Mr. Bolten,

Over the last year, we have appreciated the opportunity to work with the Department of Health and Human Services on initiatives to improve the quality of health care in the United States. Secretary Thompson, you have provided strong leadership in this area, and you have our gratitude and best wishes as you move on to new endeavors.

We hope that the Administration will continue to provide leadership and input to Congress in developing a comprehensive quality and health information technology agenda for 2006. An essential element in realizing this agenda is meaningful financial commitment to assisting health care providers in acquiring health information technology systems. We hear consistently that one of the greatest barriers to implementation of these systems is financing. Without offering providers some assistance in this effort, we will delay the day when patients across America can be assured of receiving the most effective and efficient care. For these reasons, we strongly encourage you to include in the 2006 budget a significant commitment to health information technology.

Given the predicted return on investments in information technology, and the current need for fiscal discipline, you may wish to consider establishing this commitment as a fund that would be budget-neutral over the 10-year budget window. Payments would be made from the fund in the initial years of the program, and repaid through deposits based on the savings that accrue to Federally-financed health programs.

Reducing the rising cost of health care while improving its quality is one of the major challenges that faces our nation. We have made several steps forward in the past year, but we have a great deal more to do. The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) tied hospital payment to reporting data on quality of care through the Voluntary Hospital Reporting Initiative, and this data is now available to the public. Section 1012 of the MMA established the Commission on Systemic Interoperability,

which will soon begin developing standards for health information technology. A number of demonstration projects and the Chronic Care Improvement Program pilot project will explore ways to provide better care to Medicare beneficiaries. And the recent release of new measures for ambulatory care and patient perspectives on care (the Hospital Consumer Assessments of Health Plans Survey) for comment shows the fruits of ongoing research.

One of the most promising ways to reduce costs while improving quality is through the use of health information technology. We are very encouraged by the Administration's work over the past year to establish the Office of the National Coordinator for Health Information Technology (ONCHIT), and by the appointment of Dr. David Brailer to lead that program. We believe that it is important to include in the budget adequate resources for ONCHIT to continue its important work.

The Office has set an ambitious and commendable agenda to steer the country toward full implementation of interoperable health information technology systems that can help prevent medical errors, coordinate patient care, evaluate the quality of health services, and increase the value of each dollar we spend on health care in this country.

Investment in information technology will not be without its return. Dr. Brailer himself has estimated that interoperable health information technology (health IT) systems could generate savings of about 10 percent of national health costs – around $170 billion annually – and could improve other aspects of our health care system such as clinical trials and public health surveillance and response.

We would like to support the goals and objectives the office has set forth, but ask that you provide detail and guidance as Congress considers legislative action this session. In particular, we hope these goals will be expanded early next year into a complete plan of action to address the myriad issues surrounding the adoption of health information technology systems, including the role of public programs and government funding for these initiatives, options for building public-private partnerships and fostering physician involvement in changing the way care is delivered, and ways to address privacy and security concerns.

A number of policy options will be important to consider in developing this plan of action. First, it is important to provide targeted financial assistance through grants, loans, and loan guarantees to providers with the greatest need such as rural and frontier providers and those in other underserved communities. Second, it will be important to provide assistance to regional or community health information technology organizations. And finally, it is important to offer financial incentives to providers who implement and use health information technology systems to improve the quality of patient care. Congress will explore options to pay for quality in Medicare, and the use of technology may play a role.

The result of investing now in health information technology will be better health care for patients and reduced costs for all. Today, the rising cost of health care undermines U.S. competitiveness and contributes to the increasing numbers of uninsured. Further, the current health system tolerates too many medical errors each year and too much variation in the way care is provided across the country. While recent steps have made great headway in these areas, we must do more. It is our hope that bipartisan conversations about health care
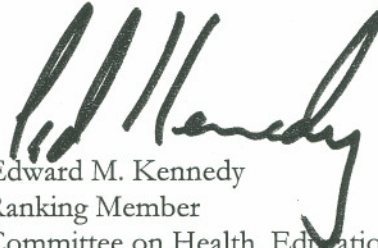
quality and information technology will result in legislation, and we look forward to working with the Administration on proposals in this area. To this end, we hope that the Administration will provide Congress guidance by providing a complete proposal for quality and health information technology and including sufficient funding for the proposal in the President's budget.

Thank you again for your continued leadership.

Sincerely,

Michael B. Enzi
Chairman
Committee on Health, Education,
   Labor, and Pensions

Edward M. Kennedy
Ranking Member
Committee on Health, Education,
   Labor, and Pensions

Charles E. Grassley
Chairman
Committee on Finance

Max Baucus
Ranking Member
Committee on Finance

cc: Mark McClellan, M.D., Ph.D., Centers for Medicare & Medicaid Services
       David Brailer, M.D., Ph.D., Office of the National Coordinator for Health
         Information Technology